



[3510-16-P]

DEPARTMENT OF COMMERCE

United States Patent and Trademark Office

37 CFR Part 3

[Docket No.: PTO-P-2011-0077]

Request for Comments on Eliciting More Complete Patent Assignment Information

AGENCY: United States Patent and Trademark Office, Commerce.

ACTION: Request for comments.

SUMMARY: The United States Patent and Trademark Office (USPTO) is considering several changes in practice designed to encourage a more complete record at the USPTO of patent assignments. The USPTO invites the public to provide comments on methods the USPTO can employ to collect more timely and accurate patent assignment information both during prosecution and after issuance.

DATES: To ensure full consideration, written comments should be received no later than [INSERT DATE 60 DAYS AFTER DATE OF PUBLICATION IN THE FEDERAL REGISTER].

ADDRESSES: Written comments may be submitted, identified as “Eliciting More Complete Patent Assignment Information,” by any of the following methods:

- *Electronic Mail:* saaurabh.vishnubhakat@uspto.gov.
- *Postal Mail:* Saurabh Vishnubhakat, Attorney Advisor, Office of Chief Economist, United States Patent and Trademark Office, Mail Stop External Affairs, P.O. Box 1450, Alexandria, VA 22313-1450.

The written comments will be available for public inspection at the Office of the Chief Economist, located in the Madison West Building, Tenth Floor, 600 Dulany Street, Alexandria, Virginia, 22314. In addition, the written comments from the public will also be available via the USPTO Internet Web site (address: <http://www.uspto.gov>).

Because comments will be made available for public inspection, information that is not desired to be made public, such as a phone number, should not be included in the comments.

FOR FURTHER INFORMATION CONTACT: Requests for additional information should be directed to Saurabh Vishnubhakat by electronic mail at saaurabh.vishnubhakat@uspto.gov or by telephone at (571) 272-3427.

SUPPLEMENTARY INFORMATION:

I. Background

Collecting Current Assignment Information

The USPTO is considering changes aimed at building a more complete record of assigned applications and patents. It is increasingly clear that applications, patents and the completeness of the patent record play an essential role in the markets of innovation.

Intangible assets now comprise over 50% of the business outputs of U.S. industry, and intellectual property rights (IPRs) provide a platform for intangibles to be transacted so that they can provide profits for innovators and move technologies to their most efficient uses in the economy.

IPRs are often cleared by their manufacturers or distributors in order for new products to be legally sold. In such cases, IPR clearance is often made more difficult and time-consuming, legally risky, and expensive because current assignment information on patents and applications is not available. An incomplete assignment record thus presents a significant barrier to market efficiency.

Markets operate most efficiently when buyers and sellers can find one another. Yet in our current system, fragmented ownership in the patent rights covering complex products leads to potential buyers facing difficulty finding sellers, and potential innovators not understanding the nature of the marketplace they are considering entering.

To address the need for accurate assignment data for pending patent applications and issued patents, the USPTO is interested in providing more complete patent assignment data to the public, in accordance with the Office's duty under 35 U.S.C. § 2(a)(2) of "disseminating to the public information with respect to patents."

A more complete patent assignment record would produce a number of benefits. The public would have a more comprehensive understanding of what patent rights being issued by the United States are being held and maintained by various entities. The financial markets would have more complete information about the valuable assets being generated and held by companies. Patenting inventors and manufacturers would better understand the competitive environment in which they are operating, allowing them to better allocate their own research and development resources, and more efficiently obtain licenses and accurately value patent portfolios and patent estates that they may seek to acquire.

Changes Under Consideration

To elicit more complete patent assignment data, the USPTO is considering changes to various provisions of 37 C.F.R. to require that any change in the identity of the assignee or assignees (i.e., real party in interest) be made known to the Office within each communication to the Office by the representative of the applicant during patent prosecution.

These potential changes include:

- (1) amending 37 C.F.R. to require that any assignee or assignees be disclosed at the time of application filing;

- (2) amending 37 C.F.R. § 3.81 to require that the application issue in the name of the assignee or assignees as of the date of payment of the issue fee;
- (3) amending 37 C.F.R. § 1.215(b) to require the identification of assignment changes after filing date for inclusion on the patent application publication (PGPub);
- (4) amending 37 C.F.R. § 1.27(g) to require timely identification of any new ownership rights that cause the application or issued patent to gain or lose entitlement to small entity status; and
- (5) amending 37 C.F.R. to provide for discounted maintenance fees in return for verification or update of assignee information either when a maintenance fee is paid or within a limited time period from the date of maintenance fee payment.

With regard to change (2) above, 37 C.F.R. § 3.81 currently states that the “application may issue in the name of the assignee . . . where a request for such issuance is submitted with payment of the issue fee.” The “request for such issuance” (in the name of the assignee) is made by entering the name and residence of the assignee in box 3 of the issue fee transmittal form (form 85B). The assignee name entered in box 3 of form 85B is printed on the patent and included in USPTO’s searchable U.S. Patent database. The USPTO is considering amending 37 C.F.R. § 3.81 to no longer predicate issuance in the name of the assignee on whether or not the applicant decides to make a “request for such issuance.”

Rather, the USPTO is considering amending 37 C.F.R. § 3.81 to require that the assignee be identified at the time of payment of the issue fee. Correspondingly, Box 3 of Form 85B may be

changed to show that the assignee name must be entered. This could help improve the accuracy of assignment searches made in the U.S. patent database. As amended by the AIA, 35 U.S.C. § 118 similarly requires that applicants update assignee information at the time of allowance:

[I]f the Director grants a patent on an application filed under this section by a person other than the inventor, the patent shall be granted to the real party in interest and upon such notice to the inventor as the Director considers to be sufficient.

With regard to change (3), 37 C.F.R. § 1.215(b) currently sets forth that assignee information must appear on the application transmittal sheet (e.g., form PTO/SB/05) or the application data sheet (e.g., form PTO/SB/14) if applicant “wants” the PGPub to contain assignment information. In order to promote more complete assignee data in the USPTO’s searchable PGPub database, the language of § 1.215(b) could be changed to state that applicant “must” provide assignee information, rather than provide assignee information only if applicant “wants” to do so. Additionally, the office could modify forms PTO/SB/05 and PTO/SB/14 to better indicate that the assignee information must be entered.

With regard to change (4), the title of 37 C.F.R. § 1.27(g)(2) is “Notification of loss of entitlement to small entity status is required when issue and maintenance fees are due.” However, current § 1.27(g)(2) does not require identification of the new assignee that caused the application or issued patent to lose entitlement to small entity status, or in the alternative, a statement that the current assignee is no longer eligible for small entity status for other reasons

(e.g., a license to a business that does not qualify as a small entity). The USPTO is considering amending § 1.27(g)(2) to require such identification or statement.

With regard to change (5), the USPTO is considering implementing its new fee setting authority, under § 10 of the AIA, in order to provide for discounted maintenance fees in return for verification or update of assignee information either when a maintenance fee is paid or within a limited time period from the date of maintenance fee payment.

The patent assignment recordation statute, 35 U.S.C. § 261, provides that:

An assignment, grant, or conveyance shall be void as against any subsequent purchaser or mortgagee for a valuable consideration, without notice, unless it is recorded in the Patent and Trademark Office within three months from its date or prior to the date of such subsequent purchase or mortgage.

Failure to record a patent assignment voids the assignment against a subsequent purchaser or mortgagee of the patent. Where there is no subsequent purchaser or mortgagee, the statute has no effect other than protect against potential future subsequent purchasers or mortgagees.

Moreover, even where the statute may have effect, owners may still have incentives not to record. Thus, the absence of an explicit, affirmative recordation requirement may result in an incomplete assignment record.

If the USPTO pursues this change, the information verifying or updating assignee information would likely be required to come from a party under 37 C.F.R. § 1.33(b). In addition, any new

assignment documents would likely be required to be recorded in order to claim the discount. Providing for discounts within a limited time period after a maintenance fee payment would permit a third party fee submitter to pay the maintenance fee, followed by the party under 37 C.F.R. § 1.33(b) requesting the discount in the form of a partial refund.

Administratively, the USPTO would have to decide whether the discount should go to the 37 C.F.R. § 1.33(b) party, or to the third party fee submitter in this situation. The USPTO is aware that a significant portion of maintenance fees are filed by “bulk filers” which are companies whose business with the USPTO is to pay maintenance fees in bulk. Since the bulk filers are customarily paid up front for whatever fee amount is to be paid to the USPTO (discounted or undiscounted), there should be no loss to bulk filers if discounts were sent directly to the 37 C.F.R. § 1.33(b) party. For the discount to be obtained, the request for the discount would ideally be accompanied by a verification of current assignment information, or identification of the new assignee together with the corresponding assignment documents for recordation.

II. Request for Comments

Comments on one or more of the following questions would be helpful to the USPTO:

- (1) Is there any reason that the mandatory disclosure of any assignee or assignees should not take place at the time of application filing?
- (2) Would it be in the public interest for the USPTO to obtain from applicants updated identification of the assignee at the time of allowance, e.g. in response to the Notice of

Allowance? Are there limitations on the USPTO's rights and powers to require the reporting of such information?

- (3) Would it be in the public interest for the USPTO to obtain from applicants updated identification of the assignee during prosecution of the application? Are there limitations on the USPTO's rights and powers to require the reporting of such information? Should the USPTO consider requiring the identification of assignment changes after filing date for inclusion on the patent application publication (PGPub)? At what time should changes be recorded relative to the assignment, and what are the appropriate consequences of non-compliance?
- (4) Would it be in the public interest for the USPTO to obtain from applicants updated identification of the assignee after issue of the patent? Are there limitations on the USPTO's rights and powers to require the reporting of such information? At what time should such identification be made to the Office relative to a change? Should the USPTO consider requiring the identification of assignment changes during the maintenance period of the patent right, i.e., after grant, but prior to patent expiration? What are the appropriate consequences of non-compliance?
- (5) To accomplish adequate and timely recording, are changes to Agency regulations necessary? What are the most effective and appropriate means for the USPTO to provide the public with a timely and accurate record of the assignment of patent rights and the assignee?
- (6) Would it help the USPTO's goal of collecting more updated assignment information if 37 C.F.R. § 1.27(g)(2) were amended to require identification of any new ownership rights that caused the application or issued patent to lose entitlement to small entity status?

- (7) Given the passage of the America Invents Act, is it proper for the Office to provide for financial incentives for disclosure of assignment information by way of discounts in fee payments? For example, would it be more likely for patentees to update assignment information and record assignment documents on in-force patents if a maintenance-fee discount were available in return? What are the appropriate consequences for failure to provide accurate information when accepting such a discount?
- (8) In order to provide a more complete record for transactional purposes, what changes do you recommend that USPTO make in its requirements or incentives relating to the disclosure of assignment information during the patent application process and for issued in-force patents?

Date: November 16, 2011 ____

David J. Kappos
Under Secretary of Commerce for Intellectual Property and
Director of the United States Patent and Trademark Office

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